

MINUTES

ADJOURNED

BUDGET STUDY SESSION

JUNE 1, 2004

An adjourned meeting, Budget Study Session, of the City Council of the City of Rolling Hills Estates was called to order at 6:12 p.m. in the City Council Chambers, 4045 Palos Verdes Drive North, by MAYOR MITCHELL.

ROLL CALL

City Council Members Present: Addleman, Mitchell, Seamans*, Zerunyan, Zuckerman

*COUNCIL WOMAN SEAMANS arrived at 6:13 p.m.

City Staff Present: City Manager Doug Prichard

Assistant City Manager Sam Wise

Finance Director Jud Norrell

Community Services Director Andy Clark Planning Director David Wahba

AUDIENCE ITEMS NOT ON THE AGENDA/WRITTEN AND ORAL COMMUNICATIONS

NONE

ITEMS FOR DISCUSSION

Review of Proposed Fiscal Year 2004-05 Budget

City Manager Prichard provided a brief report noting that the proposed budget is essentially the same as last year in terms of existing programs being provided and was confident with the assumptions as presented. He noted that a prioritized "add back" list has been provided for COUNCIL consideration to assist in determining if any or all items should be included in the next fiscal year budget.

MAYOR MITCHELL inquired if the State still has intentions of taking additional funds from the City and if that has been reflected in the budget.

City Manager Prichard indicated that the City's understanding is as clear as it can be at this time as to what the State expects to take and that the budget has been adjusted accordingly.

Finance Director Norrell referred to Exhibit A revenue summary.

Discussion ensued regarding how sales tax, property tax and vehicle license fees would be affected by the "triple flip".

Finance Director Norrell reported that this budget assumes full funding of the COPS grant.

Planning Fees – MAYOR PRO TEM ADDLEMAN inquired as to which properties are included in the upcoming commercial projects.

Planning Director Wahba named five projects that are currently being processed as per COUNCIL direction. He noted COUNCIL'S desire to streamline these applications. Discussion ensued regarding the method adopted for processing these applications and the recovery of environmental review costs.

City Manager Prichard noted that staff is comfortable in reporting the assumptions presented.

Finance Director Norrell described various exhibits in detail. He referred to Exhibit F regarding designation of fund balances. He noted that the budget projects operating expenditures in excess of total revenues by \$293,000. He also reviewed the assumptions of Budget Amendment No. 3.

Finance Director Norrell described Exhibit E, noted the zero-based assumptions, and began discussion with respect to the add-back list.

Finance Director Norrell noted there is continuing concern with the equestrian fund as a deficit of close to \$50,000 still remains. Community Services Director Clark provided a brief history of costs in this department. He suggested a proposed rate increase of \$37 per month at the stables beginning in August which would be presented to the Equestrian Committee for consideration and recommendation.

Finance Director Norrell referred to the George F Canyon Storm Drain Improvement Project and was pleased to report that Assistant City Manager Wise and Community Services Director Clark believe that Proposition 40 funds may be used to fund a portion of this project.

Discussion continued regarding potential savings that could be found in the Maintenance Department particularly with respect to landscape maintenance. City Manager Prichard noted that there may be savings in reducing BMC Landscaping's contract by having the Maintenance Department take over the Hawthorne Boulevard median.

Community Services Director Clark noted that Maintenance Superintendent McConn directs his staff to accurately reflect their hour-by-hour duties and that BMC would have a more difficult time accounting for their staff's hours as it may not be quite as precise. Additionally, City Manager Prichard noted he had spoken to Mr. Ce Dillos in an effort to obtain further information. MAYOR PRO TEM ADDLEMAN indicated that firm numbers are needed to assess funding this program.

In regards to staffing, whether in the Maintenance Department or elsewhere, City Manager Prichard noted that when a worker resigns, the City always assesses whether or not to fill a position, indicating that currently an Assistant Planner position has been left unfilled.

It was noted that overall maintenance costs will be reviewed in the future.

COUNCILMAN ZUCKERMAN inquired as to the sales tax revenue sharing agreement the City has with the City of Rancho Palos Verdes set to expire in 2010. It was the consensus of the COUNCIL to direct the City Attorney to review the terms of the contract.

COUNCILMAN ZERUNYAN requested clarification on the \$1.5 million unspent appropriations, as well as Exhibits E and F.

COUNCILMAN ZUCKERMAN noted that the proposed water project funding should include a consultant as part of the EIR. Once the application is received, it was noted that consideration will be given to retaining expertise at that time. It was further noted that the cost of consultants should be reimbursed by the applicant, Cal-Water.

COUNCILMAN ZERUNYAN cautioned the COUNCIL regarding whether or not major projects have been taken into account in regards to the City's infrastructure. Finance Director Norrell then referred to the six-year plan which includes this information.

Brief discussion ensued regarding sewage issues and whether or not Los Angeles County is maintaining the sewers in a satisfactory fashion. Assistant City Manager Wise noted their service is adequate.

Finance Director Norrell noted that PERS retirement contribution rates should decline with improvement in the investment portfolio performance.

COUNCILMAN ZERUNYAN expressed his concern with certain budget assumptions. It was his belief that now is the right time to cut back noting that staff has taken that approach in their departments.

It was noted that COUNCIL policy is set at a surplus of \$1.5 million and that the proposed budget meets that goal. Discussion ensued regarding COUNCIL'S desire to increase the cushion above the projected amounts.

Extensive discussion ensued with COUNCILMAN ZERUNYAN stating that, as a matter of policy, he is more inclined to eliminate funding for those service organizations able to raise funds on their own. He noted that he is prepared to set a policy for reducing the add-backs of non-essential services, i.e. Chamber of Commerce, Nature Center, Student and the Law, South Bay Economic Development Partnership, etc., and designate those monies to remaining line items. He proposed retaining the homeowner associations' entryway matching grant program as this benefits the residents.

COUNCILMAN ZUCKERMAN noted that this policy would make the budget add-backs consistent with the philosophy of prioritizing essential services as proposed by staff.

Discussion ensued regarding the amount necessary to fund the Chamber of Commerce. It was noted the City contributes 40% of the Chamber's budget.

COUNCILWOMAN SEAMANS commented that budget cuts are not necessary at this time and was reluctant to eliminate funding to these service organizations.

Discussion continued regarding a policy of funding capital projects from which the entire community benefits or continue contributing to service organizations that may only affect a portion of the residents.

City Manager Prichard explained the add-back Priority Schedules A, B and C and suggested beginning with Schedule C in order to determine the COUNCIL'S preference on what to add to the budget.

Brief discussion ensued with the consensus of the COUNCIL wishing to eliminate the Student and the Law program and directed staff to send a letter to the Cities of Rancho Palos Verdes and Rolling Hills to that effect.

COUNCILWOMAN SEAMANS emphasized that this budget is in its second year cycle and believed it to be unfair to totally eliminate funding service groups.

COUNCILMAN ZERUNYAN reiterated that community support groups are not the responsibility of government and that it is the City's job to provide for the residents.

COUNCILWOMAN SEAMANS expressed her belief that residents would wish to have some of those organizations funded as they participate in these events. She noted her concern with eliminating Community Helpline or South Bay Youth Project as these two organizations serve the public in crisis. Additionally, MAYOR MITCHELL believed these groups have public value.

COUNCILWOMAN SEAMANS suggested reducing the amounts funded for these organizations rather than eliminating them altogether.

MAYOR MITCHELL emphasized that the South Bay Economic Development Partnership has been very active in attempting to preserve the Air Force Base in El Segundo and noted that this closure would affect many residents on the hill.

COUNCILMAN ZERUNYAN strongly reiterated his opinion that government should not play a role in funding cultural programs.

COUNCILMAN ZUCKERMAN moved, seconded by MAYOR PRO TEM ADDLEMAN

TO DISCONTINUE FUNDING THE SOUTH BAY ECONOMIC DEVELOPMENT PARTNERSHIP IN THE AMOUNT OF \$2,000.

AYES: Addleman, Zerunyan, Zuckerman

NOES: Mitchell, Seamans

COUNCILMAN ZUCKERMAN moved, seconded by MAYOR PRO TEM ADDLEMAN

TO ELIMINATE LINE ITEM 4235-430 (SPECIAL EVENTS AND OTHER UNSPECIFIED PROMOTIONS – CONTRACTED COSTS) IN THE AMOUNT OF \$2,000 FROM FISCAL YEAR 2004-05.

AYES: Addleman, Mitchell, Seamans, Zerunyan, Zuckerman

It was the consensus of the COUNCIL to deny a request from the Peninsula Seniors for an additional \$500.

MAYOR PRO TEM ADDLEMAN reminded everyone that any item eliminated may be considered again in the future.

MAYOR MITCHELL moved, seconded by COUNCILWOMAN SEAMANS

TO CONTINUE FUNDING THE DESIGNATED SERVICE ORGANIZATIONS AT THE CURRENT LEVEL.

AYES: Mitchell, Seamans

NOES: Addleman, Zerunyan, Zuckerman

COUNCILWOMAN SEAMANS moved, seconded by COUNCILMAN ZERUNYAN

TO SUPPORT ALL CURRENTLY FUNDED COMMUNITY SERVICE ORGANIZATIONS
AT A LEVEL 10% BELOW THE FISCAL YEAR 2003-04 AMOUNTS.

AYES: Addleman, Mitchell, Seamans, Zerunyan, Zuckerman

COUNCILMAN ZUCKERMAN moved, seconded by COUNCILWOMAN SEAMANS

TO REDUCE THE CHAMBER OF COMMERCE FUNDING BY 10% FOR A TOTAL
AMOUNT OF \$18,000.

AYES: Addleman, Mitchell, Seamans, Zuckerman

NOES: Zerunyan

After brief discussion, it was noted that staff will investigate further the current website
maintenance costs with the contractor.

Community Services Director Clark provided a staff report (as per agenda material) regarding
the Ernie Howlett Park Tennis Club fee structure.

After some discussion, MAYOR PRO TEM ADDLEMAN moved, seconded by
COUNCILMAN ZUCKERMAN

TO ADOPT THE PROPOSED MEMBERSHIP AND COURT ADMISSION FEES AS
IDENTIFIED IN THE STAFF REPORT.

AYES: Addleman, Mitchell, Seamans, Zerunyan, Zuckerman

CLOSED SESSION

At 9:52 p.m. COUNCIL adjourned to closed session to consider items under negotiation with the
RHE Employees' Association.

At 10:20 pm. COUNCIL reconvened with all Members present. Staff was directed to prepare the
Memorandum of Understanding with all terms and conditions as they currently exist except for
the elimination of Part B of the Contingent Compensation Program and setting of the salary pool
at 2%.

After additional discussion with respect to travel budgets, it was the consensus of the COUNCIL
to reduce COUNCIL and City Manager travel line items.

ADJOURNMENT

At 10:22 p.m., MAYOR MITCHELL formally adjourned the City Council meeting to Tuesday,
June 8, 2004 at 7:30 p.m.

Submitted by, Approved by,

Hope J. Nolan Douglas R. Prichard

Deputy City Clerk City Manager